Working group for priority sector targets

1455. SHRI RAVULA CHANDRA SEKAR REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether Government have any proposal to adopt agency or outsourcing methodologies to hit the priority sector targets;

(b) whether Government had constituted an inter-agency working group for his purpose;

(c) if so, the details thereof;

(d) whether it is a fact that it had identified 23 financial conglomerates engaged in multiple financial activities for the purpose of consolidated supervision; and

(e) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c) Reserve Bank of India (RBI) had set up an Internal Working Group to review the existing policy on priority sector lending, including the target and sub-targets. The Draft Technical Paper submitted by the Group has been placed in the public domain for views/comments.

(d) and (e) In the mid-term review of the monetary and credit policy for the year 2003-04, the RBI had announced establishment of a special monitoring system for Systemically Important Financial Intermediaries (SIFIs). Accordingly, an inter-regulatory Working Group had been constituted with members from RBI, Securities and Exchange Board of India (SEBI) and Insurance Regulatory & Development Authority (IRDA). The Working Group had identified Financial Conglomerates engaged in multiple financial activities for the purpose of consolidated supervision.

Hike in fed rate

1456. SHRI ABU ASIM AZMI: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware that more fed rates hikes are likely in the country;

(b) if so, how far such fed rates hikes shall have adverse affects on economy; and

(c) the steps being taken to protect the Indian economy therefrom?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c) Reserve Bank of India, in its Mid-Term Review (October 25, 2005) of Annual Policy Statement for the year 2005-06, has kept the Bank rate unchanged at 6.0 per cent. However, an upward revision by 25 basis points each for the fixed repo rate and fixed reverse-repo rate to 6.25 per cent and 5.25 per cent respectively effective October 26, 2005 was announced. The stance of monetary policy in the second half of 2005-06 would continue to place emphasis on price stability, provision of appropriate liquidity to meet genuine credit needs and support export and investment demand in the economy.

Permission to PGFL to enter into insurance sector

1457. SHRI MANOJ BHATTACHARYA: Will the Minister of FINANCE be pleased to state:

(a) whether Peerless General Finance Ltd. of Kolkata has been permitted to enter into life insurance business and if so, the details thereof;

(b) whether the PGFL is basically one of the residuary Non-Banking Financial Companies which are not permitted to join the insurance fray; and

(c) if so, the reasons for which the company has been so permitted and the terms and conditions of such permission?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c) Peerless General Finance Ltd., Kolkata, a non-banking finance company, has not been registered with the Insurance Regulatory and Development Authority (IRDA) as an Indian insurance company but as a Corporate Agent under the IRDA (licensing of Corporate Agents) Regulations, 2002. The company has entered into a Memorandum of Association with the Life Insurance Corporation of India (LIC) to function as a corporate agent of LIC.